

**OFFICIAL FILE COPY**

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER:  <b>01-07</b>	2. STATE  <b>Louisiana</b>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE  <b>July 1, 2001</b>	

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)


6. FEDERAL STATUTE/REGULATION CITATION:  <b>42 CFR 447.252</b>	7. FEDERAL BUDGET IMPACT: a. FFY <u>2001</u> <u>\$1,231.82</u> b. FFY <u>2002</u> <u>\$ 7,422.09</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-D, Page 7</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>Same (TN 98-17)</b>

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to revise the reimbursement methodology for private nursing facilities to adjust the percentile utilized for calculation of all cost components, except profit incentive, from the 60<sup>th</sup> percentile to the 62<sup>nd</sup> percentile.**

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

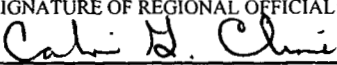
☒ OTHER, AS SPECIFIED: **The Governor does not review state plan material.**

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO:  <b>State of Louisiana Department of Health and Hospitals 1201 Capitol Access Road PO Box 91030 Baton Rouge, LA 70821-9030</b>
13. TYPED NAME:  <b>David W. Hood</b>	
14. TITLE:  <b>Secretary</b>	
15. DATE SUBMITTED:  <b>August 17, 2001</b>	

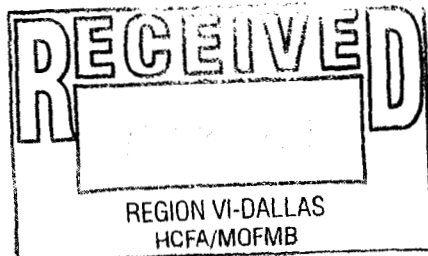
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17. DATE RECEIVED:  <b>28 AUGUST, 2001</b>	18. DATE APPROVED:  <b>11 SEPTEMBER, 2001</b>
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:  <b>1 JULY, 2001</b>	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME:  <b>CALVIN G. CLINE</b>	22. TITLE: <b>ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID &amp; STATE OPERATIONS</b>

23. REMARKS:



STATE OF LOUISIANA

2. Rate Determination

a. Calculation of Base Rate

Separate daily rates are calculated for recipient Levels of Care: IC-I, IC-II, and SN.

Rates are calculated from cost report data. Allowable costs include those costs incurred by facilities to conform with state licensure and Federal certification standards. In addition, general cost principles including HIM 15 principles are applied during the audit and desk review process to determine allowable costs. These general cost principles include determining whether the cost is ordinary, necessary, and related to resident care; the cost is what a prudent and cost conscious business person would pay for the specific good or service in the open market in an arm's length transaction; and the cost is for goods or services actually provided to the facility. Through the audit and desk review process, adjustments and/or disallowances may be made to a provider's reported costs. The most recently audited cost reports are used in determining the rebased rates.

Audited costs for each component at each Level of Care by facility are ranked to determine the value of each component at the 62nd percentile. The rate for each component at each Level of Care is calculated by multiplying each specific rate component at the 62nd percentile by the corresponding economic adjustment factor as specified in Table 1. Values for each component for each Level of Care are added together to determine rates for each Level of Care.

The most recently audited cost report items are multiplied by the appropriate economic adjustment factors for each successive year to determine base rate components. For subsequent years, the components thus computed become the base rate components to be multiplied by the appropriate economic adjustment factors, unless they are adjusted as provided in Section C.2.b.2.). Application of an inflationary adjustment to reimbursement rates for non-fixed costs in non-rebasing years shall apply only in years when the state legislature allocates funds for this purpose. The inflationary adjustment shall be made by applying the inflation factor applicable to the current fiscal year to the most recently paid non-fixed costs.

At least every three years, audited cost report items will be compared to the rate components calculated for the cost report year to insure that the rates remain reasonably related to costs. The overall rate may be recalculated using the most recent audited cost report items multiplied by the appropriate economic adjustment factors for each successive year, as described above.

1) Formulae

The rate for each Level of Care shall be calculated by using the following formulae:

$$NFCC = FCC \times CPIF$$

where:

NFCC is the new food cost component

FCC is the current (base) food cost component

CPIF is the CPI- Food Economic Adjustment factor

STATE <u>Louisiana</u>	A
DATE REC'D <u>08-28-01</u>	
DATE APPV'D <u>09-11-01</u>	
DATE EFF <u>07-01-01</u>	
HCFA 179 <u>LA 01-07</u>	

TN# LA 01-07 Approval Date 09-11-01 Effective Date 07-01-01

Supersedes

TN# LA 98-17 SUPERSEDES: TN- LA 98-17